CITY OF MONCTON

GENERAL SECTION

FINANCIAL STATEMENTS

DECEMBER 31, 1988

CONTENTS

	Page
Auditors' Report	1
Statement of Revenue, Expenditure and Surplus	2
Revenue Fund Balance Sheet	3
Capital Fund Balance Sheet	4
Statement of Investment in Capital Assets	5
Statement of Capital Financing	6
Notes to Financial Statements	7 - 10
Other Funds Balance Sheets	11 - 17
Supporting Schedules	18 - 20

AUDITORS' REPORT

His Worship the Mayor
and Members of the City Council

We have examined the revenue fund, capital fund and related reserve fund balance sheets of the City of Moncton as at December 31, 1988, the revenue fund statement of revenue, expenditure and surplus, the statement of investment in capital assets and the statement of capital financing for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the City as at December 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted municipal accounting principles applied on a basis consistent with that of the preceding year.

Doane Raymond

Moncton, New Brunswick
April 3, 1989

Chartered Accountants

CITY OF MONCTON

REVENUE FUND

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Budget	Actual	Actual
Revenue			
Taxes	$26,114,545	$26,114,545	$24,054,978
Unconditional transfers from Provincial Government	16,201,157	16,201,157	15,456,570
Other revenue from own sources	2,785,876	3,195,709	3,113,075
Transfer of surplus	6,582	6,582	29,070
	$45,108,160	45,517,993	42,653,693
Expenditures			
General government	$ 4,738,301	5,073,148	4,018,508
Protection	15,813,066	15,457,321	14,580,530
Transportation	7,663,043	7,813,668	7,722,979
Environmental health and development	1,922,921	2,228,190	1,885,323
Recreation and culture	6,715,209	6,644,086	6,280,016
Fiscal	7,939,220	7,578,477	7,357,423
	44,791,760	44,794,890	41,844,779
Excess of revenue over expenditure		723,103	808,914
Appropriations to reserve and trust funds (Note 2)	316,400	666,400	750,000
	$45,108,160		
Surplus for the year		56,703	58,914
Surplus, beginning of year		65,496	35,652
		122,199	94,566
Transfer to current budget		(6,582)	(29,070)
Surplus, end of year		$ 115,617	$ 65,496

CITY OF MONCTON

REVENUE FUND BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Cash and term deposits	$ 3,941,890	$ 2,949,013
Receivables (Note 3)	2,906,106	3,377,375
Receivable from		
Capital fund	5,411,613	2,271,685
Codiac Transit Commission	520,985	205,536
City Hall development fund	19,513	
Water and Light revenue fund	2,958,221	2,542,253
Inventory	626,902	646,517
Unamortized debenture discounts	334,491	364,321
	$16,719,721	$12,356,700

LIABILITIES AND SURPLUS

Bank indebtedness	$ 6,431,037	$ 2,896,047
Payables and accruals (Note 5)	7,392,030	6,577,216
Payable to		
City Hall development fund		9,489
Snow removal reserve trust fund	825,719	746,263
Reserve for land development	694,030	699,121
Machinery and equipment depreciation trust fund	1,197,202	1,286,979
Maritime Coliseum Agrena Commission	37,966	65,250
Sinking funds	26,120	10,839
Surplus (Page 2)	115,617	65,496
	$16,719,721	$12,356,700

Commitments (Note 9)

Contingencies (Note 10)

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

CAPITAL FUND BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Receivables (Note 4)	$ 281,510	$ 281,510
Property and equipment (Note 6)	124,385,456	110,041,402
Industrial Park development costs (Note 13)	273,942	
Assets being retired by revenue fund appropriations		(41,217)
	$124,940,908	$110,281,695

LIABILITIES AND EQUITY

Payable to the revenue fund	$ 5,411,613	$ 2,271,685
Deferred capital contributions (Note 8)	197,500	200,000
Long term debt (Note 7)	33,959,425	35,468,766
	39,568,538	37,940,451
Investment in capital assets (Page 5)	85,372,370	72,341,244
	$124,940,908	$110,281,695

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

CAPITAL FUND

STATEMENT OF INVESTMENT IN CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Balance, beginning of year	$72,341,244	$64,721,951
Add:		
Debt retired	3,441,121	3,236,278
Contributions - Federal/Provincial Governments		
Designated highways recovery	300,000	696,384
Stimulation grant		100,000
Magnetic Hill project	296,606	1,818,482
Traffic signals and crossings	113,801	20,404
Main Street program - MCBDC	109,338	20,229
Magnetic Hill information board - ACOA	38,696	
City's contributions		
Capital out of current funds	493,000	185,345
Transfers from Machinery and Equipment reserve	680,979	777,133
Transfer from City Hall Development fund	650,000	
Transfer from Reserve for Land Development	64,000	
Resurgo's contributions		
Transfer of assets and related Federal/ Provincial funding	6,100,773	
Proceeds on sale of property for library use	200,000	
Other		
Local improvement and branch sewer recoveries	287,692	675,538
Sale of property	255,120	15,000
Other organizations and individuals		74,500
Balance, end of year	$85,372,370	$72,341,244

CITY OF MONCTON

CAPITAL FUND

STATEMENT OF CAPITAL FINANCING

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Funds provided by		
Capital contributions from other governments	$ 858,441	$ 2,655,499
Local improvement and branch sewer recoveries	287,692	675,538
City current fund	493,000	185,345
Kiwanis Club of Moncton Inc.		30,000
Sale of property	255,120	215,000
Debentures issued	2,000,000	4,000,605
Other organizations and individuals		74,500
Transfer from Machinery and Equipment reserve	680,979	777,133
Transfer from City Hall Development fund	650,000	
Appropriations from revenue fund		
Write off of assets		216,292
Debt retirement	3,441,121	3,236,278
Transfer from Reserve for Land Development	261,500	
Federal/Provincial funding re transfer of assets from Resurgo Inc.	6,100,773	
Increase in borrowing from current fund	3,139,928	
	$18,168,554	$12,066,190
Funds applied to		
Purchase and construction of capital assets		
Permanent streets	$ 8,863,125	$ 3,371,156
Moveable equipment	785,950	795,133
Real estate	3,971,068	3,531,240
Storm and branch sewers	723,911	49,603
	14,344,054	7,747,132
Development costs Caledonia Industrial Park	273,942	
Decrease in borrowing from current fund		884,158
Repayment of mortgages	68,220	184,736
Redemption of long term debt	3,441,121	3,236,278
Purchase of assets to be written off to current fund		13,886
Transfer of appropriation accounts to current fund	41,217	
	$18,168,554	$12,066,190

CITY OF MONCTON

REVENUE AND CAPITAL FUNDS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies

(a) Revenue recognition

Major sources of revenue are recorded on an accrual basis.

(b) Expenditure recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Principal repayments of long term debt are recorded as expenditures when repaid. Interest on long term debt is recorded on an accrual basis. Debenture discounts are written-off on a straight line basis over the terms of the various issues.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value.

(d) Fixed assets

Capital assets and projects in progress are recorded at cost. The City does not record depreciation on its property and equipment consistent with Municipal guidelines. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets, in addition to the principal repayments of long term debt.

(e) Prior year's operating results

Section 89 of the Municipalities Act of New Brunswick requires that the surplus or deficit for a given fiscal year be included in the budget of the second ensuing year.

(f) Financing

It is the policy of the City to charge interim financing costs for annual capital construction projects to current fund fiscal expenditures.

2. Appropriations to reserve and trust funds

	1988	1987
Machinery and equipment depreciation trust fund:		
(a) Amended by-law 312-10/87 - December 23, 1987	$	$750,000
(b) Amended by-law 312-10/88 - December 21, 1988	666,400	
	$666,400	$750,000

CITY OF MONCTON

REVENUE AND CAPITAL FUNDS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

3. Receivables - Revenue Fund

	1988	1987
Sewer construction improvements	$ 87,117	$ 91,348
Local improvements	504,603	152,855
Provincial government	317,137	1,000,322
Moncton Industrial Development	572,231	730,144
Resurgo Inc.		206,298
Federal government	520,230	848,940
Other - various	904,788	347,468
	$2,906,106	$3,377,375

4. Receivables - Capital Fund

The City of Moncton entered into an agreement with the Kiwanis Club of Moncton Inc. in 1984 to pay the net cost to construct the Centennial Beach project. The Kiwanis Club agreed to reimburse the City for the net cost of $356,510 which is to be repaid over a period of 5 years. Should any balance remain unpaid then the City has agreed to extend the period of repayment a further 5 years. Payments received to December 31, 1988 aggregate $75,000 leaving a balance receivable at December 31, 1988 of $281,510. Subsequent to year end an additional $50,000 was received.

5. Payables and accruals - Revenue fund

	1988	1987
Accounts payable and commitments	$5,283,823	$4,871,592
Contractors' holdbacks	1,274,245	825,799
Interest on long term debt	769,633	832,640
Local improvement deposits	64,329	47,185
	$7,392,030	$6,577,216

6. Property and equipment, at cost

	1988			1987
	Fully Funded	To Be Funded By Debentures	Total	Total
Permanent streets	$ 70,232,316	$3,001,911	$ 73,234,227	$ 64,371,102
Equipment	3,196,164	129,333	3,325,497	2,539,547
Real estate	27,490,780	1,683,150	29,173,930	25,202,862
Storm sewers and branch sewers	18,412,539	239,263	18,651,802	17,927,891
	$119,331,799	$5,053,657	$124,385,456	$110,041,402

CITY OF MONCTON

REVENUE AND CAPITAL FUNDS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

7. Long term debt

	1988	1987
Debenture debt		
Serials and certificates	$27,610,676	$28,968,380
Sinking funds	5,653,800	5,653,800
	33,264,476	34,622,180
Other		
Winter Capital Project Fund	368,353	415,531
Department of Regional Industrial Expansion	326,596	362,835
Mortgages payable re Magnetic Hill		68,220
	$33,959,425	$35,468,766

Effective January 1, 1982 the debenture debt, which related to the capital assets transferred to the Codiac Transit Commission, was also transferred.

Effective January 1, 1983 the debenture debt, which related to the capital assets transferred to the Maritime Coliseum - Agrena Commission, was also transferred.

The various long term debt obligations of the Commissions remain the ultimate responsibility of the City of Moncton.

Principal payments required during the next five years are as follows:

1989 - $3,679,579	1990 - $3,612,255	1991 - $3,544,277
1992 - $3,189,137	1993 - $3,334,104	

In addition, the sinking fund issue of March 1, 1982 is being provided for annually in the amount of $98,010.

8. Deferred capital contributions

In the year Council authorized the release of $197,500 from the Reserve for Land Development to purchase a tract of land. The purchase had not been completed by year end and these funds remain designated for this purpose.

In 1987 a property previously acquired through the downtown core revitalization program was sold for $200,000. These funds had been designated as a source of funding for the new downtown library and were expended in 1988.

9. Commitments

The City is obligated under a long term lease agreement to pay minimum annual rentals of $269,100 until September 30, 2011 plus escalation costs and taxes. In 1988 this additional amount approximated $185,000.

CITY OF MONCTON

REVENUE AND CAPITAL FUNDS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

10. Contingencies

(a) At December 31, 1988 Magic Mountain Water Park Ltd. was indebted to the City of Moncton in the amount totalling $326,182. Representatives of the company have approached Provincial Holdings Ltd. and the City of Moncton, being major creditors, with a reorganization plan in an effort to improve the company's cash flow position.

Discussions are currently being held and as of April 26, 1989 there has been no resolution of this matter. The effect, if any, on the timing and/or collectibility of the City's receivable is not determinable at this time.

(b) The City is contingently liable for debentures and other capital debt reflected on the capital funds of the Water and Light Department, the Maritime Coliseum- Agrena Commission and the Codiac Transit Commission.

11. Liability for vested sick leave benefits

The liability of the City of Moncton for unused sick benefits which have vested with staff and which are to be paid out to terminating employees approximates $4,800,000.

It has been a policy of the City to provide for $85,000 per year in its operating budget since 1983 towards funding of this liability. In 1988, $85,000 was budgeted for and Council approved an additional $100,000 in the year for this purpose. The accumulated provision at the end of the year stands at $177,988.

12. Actuarial evaluation - Employees Pension Fund

The most recent evaluation of the Pension Fund by the City's actuaries was carried out as at December 31, 1987. The valuation showed that, based on the stated actuarial assumptions, the book value of the Fund together with future contributions and expected earnings was substantially above the expected benefits payable at that time. This funding excess as presented in the actuary's report dated June, 1988 was determined to be $2,974,200. The actuary also reported that the present rate of contributions to the plan by the City is significantly more than the minimum necessary to support the benefits provided.

13. Industrial Park Development costs

The $273,942 of capital costs which are reflected on the capital fund balance sheet relate to costs incurred to December 31, 1988 in respect of the extension of services and construction of a trunk sewer line for Caledonia Industrial Estates. The construction work is to be completed in 1989 with Commerce and Technology contributing approximately $680,000 and the City's share is estimated to be $687,000. This will result in 68 additional acres of saleable land in the industrial park.

14. The 1988 budget figures presented on pages 2, 18, 19 and 20 reflect those reallocations approved by the City Manager and reported to Council throughout the year. Gross revenues and expenditures are reflected in the statement of revenue, expenditure and surplus.

CITY OF MONCTON

SINKING FUND - '89

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Cash and term deposits	$2,813,283	$2,206,768
Accrued interest receivable	37,931	49,156
Receivable from City of Moncton revenue fund	22,603	9,493
Investments, at par (Page 13)	964,500	1,221,500
	$3,838,317	$3,486,917

EQUITY

Equity, beginning of year	$3,486,917	$3,162,879
Add: Interest earned	351,400	324,038
Equity, end of year	$3,838,317	$3,486,917

This sinking fund was originally established to finance repayment of a $3,500,000 sinking fund issue maturing, November 1, 1989.

The reserve equity includes a surplus of $627,306 as at December 31, 1988 and is in excess of the $3,500,000 required November 1, 1989 by $338,317.

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

SINKING FUND - '97

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Cash and term deposits	$437,366	$230,110
Receivable from City of Moncton revenue fund	3,516	1,346
Accrued interest receivable	16,669	17,104
Investments, at par (Page 13)	514,000	532,000
	$971,551	$780,560

EQUITY

Equity, beginning of year	$780,560	$604,999
Add:		
Annual appropriation	107,300	107,300
Interest earned	83,691	68,261
Equity, end of year	$971,551	$780,560

This sinking fund was established to finance repayment of a $4,000,000 sinking fund issue maturing, March 1, 1997.

The reserve equity includes a surplus of $22,423 in excess of the actuarial requirement of $949,128 as at December 31, 1988.

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

SINKING FUNDS

SCHEDULES OF INVESTMENTS

DECEMBER 31, 1988

Sinking Fund '89

Debentures	Interest Rate	Maturity Date	Par Value
City of Campbellton	13 1/4	December 28, 1992	$ 30,000
City of Campbellton	13 1/4	December 28, 1991	20,000
City of Dartmouth	9 1/2	March 1, 1990	14,000
City of Fredericton	9 3/4	March 1, 1989	40,000
City of Fredericton	9 3/4	March 1, 1990	40,000
City of Fredericton	9 3/4	March 1, 1991	40,000
City of Moncton	9 1/2	April 1, 1989	23,000
City of Moncton	9 3/4	April 15, 1989	32,000
City of Moncton	10 3/4	June 1, 1989	12,000
City of Sydney	10 1/2	January 1, 1989	57,000
Village of St. Joseph	9 3/4	December 15, 1989	31,000
Village of St. Joseph	9 3/4	December 15, 1990	59,000
Village of St. Joseph	9 3/4	December 15, 1991	50,000
La Hetriere-McGinley Sewage Commission	11 (1)	February 8, 1994	110,000
			558,000
Certificates of Indebtedness			
City of Moncton	17 1/4 (1)	August 10, 1989	62,500
City of Moncton	17 1/2	March 1, 1997	250,000
City of Moncton	11 1/2	July 3, 1989	28,000
City of Moncton	10 3/4 (1)	July 3, 1989	66,000
			$964,500

Sinking Fund '97

Certificates of Indebtedness			
City of Moncton	9 - 10%	December 1, 1996	$145,000
City of Moncton	9 1/2 (1)	April 1, 1994	150,000
City of Moncton	10 3/4	July 3, 1994	136,000
City of Moncton	11 1/2 (1)	July 3, 1996	83,000
			$514,000

(1) Serial type issues with annual redemption.

CITY OF MONCTON

CITY HALL DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Cash and term deposits	$1,109,722	$1,620,926
Receivable from City of Moncton revenue fund		9,489
Land	30,000	30,000
	$1,139,722	$1,660,415
LIABILITIES		
Payable to City of Moncton revenue fund	$ 19,513	$
EQUITY		
Equity, beginning of year	1,660,415	1,553,083
Add: Interest earned	109,794	107,332
Deduct: Purchase Magnetic Hill Inn	(650,000)	
Equity, end of year	1,120,209	1,660,415
	$1,139,722	$1,660,415

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

RESERVE FOR LAND DEVELOPMENT

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Receivable from City of Moncton revenue fund	$ 694,030	$699,121
Land	62,500	62,500
	$ 756,530	$761,621

EQUITY

Equity, beginning of year	$ 761,621	$685,308
Add:		
Interest earned	77,028	51,698
Cash received in lieu of land	121,681	11,915
Sale of land	57,700	12,700
	1,018,030	
Less:		
Transfers for land purchases	(261,500)	
Equity, end of year	$ 756,530	$761,621

This fund represents monies received relative to the subdivision of land and is to be expended at the direction of City Council for acquiring or developing land for public purposes. The $57,700 received in 1988 from the sale of land on Joyce Avenue has been designated for the construction of a playground facility in that area.

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

SNOW REMOVAL RESERVE TRUST FUND

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Receivable from City of Moncton revenue fund	$825,719	$746,263

EQUITY

Equity, beginning of year	$746,263	$681,108
Add: Interest earned	79,456	65,155
Equity, end of year	$825,719	$746,263

This fund represents monies appropriated for snow removal purposes and will be expended at the direction of Council.

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

MACHINERY AND EQUIPMENT DEPRECIATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Receivable from City of Moncton revenue fund	$1,197,202	$1,286,979
EQUITY		
Equity, beginning of year	$1,286,979	$1,162,583
Less: Equipment purchases	(680,979)	(777,133)
Bus purchases	(200,000)	
Add: Appropriations		
Codiac Transit Commission	30,000	
City revenue fund	666,400	750,000
Proceeds from disposal of equipment	10,646	58,026
Interest earned	84,156	93,503
Equity, end of year	$1,197,202	$1,286,979

This fund was established in 1982 for purposes of providing funds for future purchases of machinery and equipment.

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

REVENUE FUND

REVENUE DETAIL

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Budget	Actual	Actual
Other revenue from own sources			
Licenses and permits	$ 398,990	$ 635,451	$ 642,131
Fines and fees	400,000	546,092	465,677
Rent	167,785	129,160	195,542
Miscellaneous	24,500	29,112	35,867
Recovery from utility fund	105,500	105,500	88,380
Protection	162,500	188,549	157,529
Transportation	618,076	597,175	561,691
Environmental	116,306	106,796	135,204
Arenas	413,200	437,269	442,575
Other recreational	379,019	420,605	388,479
	$2,785,876	$3,195,709	$3,113,075

CITY OF MONCTON

REVENUE FUND

EXPENDITURE DETAIL

YEAR ENDED DECEMBER 31, 1988

	1988 Budget	1988 Actual	1987 Actual
General government			
Mayor and councillors	$ 290,353	$ 296,941	$ 265,870
City clerk and city manager	400,031	399,713	352,624
Finance and accounting department	1,083,753	1,078,183	981,268
Personnel	129,743	112,398	77,207
Solicitors' department	276,162	231,251	200,452
City Hall building	650,032	652,279	554,443
Civic relations	519,896	514,532	422,133
Other general administration	822,835	1,022,839	712,720
Grants	565,496	765,012	451,791
	4,738,301	5,073,148	4,018,508
Protection			
Police	7,714,340	7,562,959	7,104,399
Fire	5,990,074	5,834,150	5,542,362
Water costs for fire protection	1,521,345	1,494,965	1,406,957
Building inspection	374,324	361,974	338,326
Other protective services	212,983	203,273	188,486
	15,813,066	15,457,321	14,580,530
Transportation			
Engineering - administrative	1,138,367	1,160,202	1,106,476
Roads, streets and equipment	3,865,372	4,101,894	4,211,341
Street lighting	1,246,784	1,189,823	1,100,687
Traffic and parking	589,673	538,902	497,757
Public transit subsidy	822,847	822,847	806,718
	7,663,043	7,813,668	7,722,979
Environmental health and development			
Garbage and waste collection	1,285,349	1,288,084	1,275,897
Planning commission grant	145,109	149,546	132,542
Industrial development grant	410,000	410,000	400,000
Caledonia Park development		300,000	
Tourist bureau operation			607
R.R.A.P. program	82,463	80,560	76,277
	1,922,921	2,228,190	1,885,323

CITY OF MONCTON

REVENUE FUND

EXPENDITURE DETAIL

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Budget	Actual	Actual
Recreation and culture			
Parks and playgrounds	$ 3,755,902	$ 3,720,386	$3,638,352
Museum	282,301	296,390	284,658
Library	247,769	134,051	82,252
Magnetic Hill park	597,167	650,453	458,834
Special events	31,500	38,560	25,892
Coliseum - Agrena subsidy	1,223,214	1,223,214	1,259,095
Arenas	577,356	581,032	530,943
	6,715,209	6,644,086	6,280,016
Fiscal			
Interest on short term borrowing (investing) - net	190,290	(78,948)	41,217
Interest on long term debt	4,184,800	4,118,300	3,981,918
Principal instalments on long term debt	3,466,120	3,441,115	3,236,278
Sinking fund appropriations	98,010	98,010	98,010
	7,939,220	7,578,477	7,357,423
Total expenditures	$44,791,760	$44,794,890	$41,844,779

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 1988

CONTENTS

	Page
Auditors' Report	23
Statement of Revenue and Expenditure Water Utility	24
Statement of Revenue and Expenditure Sewer Utility	25
Statement of Surplus	26
Revenue Fund Balance Sheet	27
Capital Fund Balance Sheet	28
Statement of Investment in Capital Assets	29
Statement of Capital Financing	30
Notes to Financial Statements	31 - 33

AUDITORS' REPORT

His Worship the Mayor
and Members of City Council

We have examined the revenue fund and the capital fund balance sheets of the City of Moncton Water and Light Department as at December 31, 1988, the related statements of revenue and expenditure, the statement of surplus, the statement of investment in capital assets and the statement of capital financing for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the City of Moncton Water and Light Department as at December 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted municipal accounting principles applied on a basis consistent with that of the preceding year.

Doane Raymond

Moncton, New Brunswick
March 22, 1989

Chartered Accountants

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

REVENUE FUND

STATEMENT OF REVENUE AND EXPENDITURE

WATER UTILITY

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Budget	Actual	Actual
Revenue			
Water user charges	$4,030,000	$4,197,702	$3,368,476
Fire protection charges - City of Moncton	1,521,345	1,494,965	1,406,957
Interest on consumer accounts	65,790	51,026	41,163
Other	7,500	7,500	7,500
	5,624,635	5,751,193	4,824,096
Expenditures			
Administration	551,407	530,920	501,052
Source of supply	92,630	72,789	95,795
Power and pumping	481,880	409,757	429,347
Purification	194,643	121,433	121,995
Transmission and distribution	1,594,572	1,733,167	1,702,784
Fiscal	2,398,557	2,288,804	2,328,970
	5,313,689	5,156,870	5,179,943
Excess of revenue over expenditure, (expenditure over revenue)	$ 310,946	$ 594,323	$(355,847)

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

REVENUE FUND

STATEMENT OF REVENUE AND EXPENDITURE

SEWER UTILITY

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Budget	Actual	Actual
Revenue			
Sewer user charges	$1,745,000	$1,767,545	$1,455,569
Interest income	63,210	47,100	39,549
	1,808,210	1,814,645	1,495,118
Expenditures			
Administration	114,484	110,357	108,285
Maintenance	564,250	567,396	462,346
Fiscal	1,480,568	1,445,386	1,425,665
	2,159,302	2,123,139	1,996,296
Excess of expenditure over revenue	(351,092)	(308,494)	(501,178)
Other:			
Special levy - Sewage treatment	2,076,032	2,084,068	1,844,883
Sewage Commission allocation	(1,777,950)	(1,777,950)	(1,162,844)
	298,082	306,118	682,039
Excess revenue over expenditure (expenditure over revenue)	$(53,010)	$(2,376)	$ 180,861

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

REVENUE FUND

STATEMENT OF SURPLUS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Surplus (deficit), beginning of year	$(172,221)	$ 2,765
Excess of revenue over expenditures (expenditure over revenue)	591,947	(174,986)
Surplus (deficit), end of year	$419,726	$(172,221)

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

REVENUE FUND

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Cash	$ 450	$ 450
Receivables	869,659	894,049
Receivable from Water and Light capital fund	433,889	
Inventory	184,198	195,160
Prepaid sewer user costs (Note 2)	2,306,694	1,777,950
Deferred debt charges (Note 3)		975,000
Unamortized debenture discounts	153,335	166,587
	$3,948,225	$4,009,196

LIABILITIES AND SURPLUS

Payables and accruals	$ 327,750	$ 373,062
Payable to Treasury current fund	2,958,221	2,542,253
Payable to Water and Light capital fund		806,329
Liability for contract holdbacks	242,528	459,773
Surplus (deficit) (Page 26)	419,726	(172,221)
	$3,948,225	$4,009,196

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

CAPITAL FUND

BALANCE SHEET

DECEMBER 31, 1988

ASSETS	1988	1987
Property, plant and equipment (Note 4)	$53,398,617	$51,643,124
Receivable from Water and Light revenue fund		806,329
	$53,398,617	$52,449,453

LIABILITIES AND EQUITY

Payable to Water and Light revenue fund	$ 433,889	$
Long term debt (Note 5)	20,111,724	20,985,832
Investment in capital assets (Page 29)	32,853,004	31,463,621
	$53,398,617	$52,449,453

ON BEHALF OF THE COUNCIL

_____

_____

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

STATEMENT OF INVESTMENT IN CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 1988

	1988			1987
	Water	Sanitary Sewer	Total	Total
Balance, beginning of year	$22,637,769	$8,825,852	$31,463,621	$27,759,108
Add:				
Principal debt matured	1,067,475	781,633	1,849,108	2,742,279
Contributions from the Federal/Provincial governments	255,869	6,699	262,568	724,386
City of Moncton Current Revenue Fund				5,000
Local improvement recoveries	136,895	35,812	172,707	232,848
Resurgo's contribution re transfer of assets and related Federal/ Provincial funding	80,000		80,000	
Deduct:				
1987 maturity refinanced	(975,000)		(975,000)	
Balance, end of year	$23,203,008	$9,649,996	$32,853,004	$31,463,621

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

STATEMENT OF CAPITAL FINANCING

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Funds derived from		
Capital contributions from other governments	$ 262,568	$ 724,385
Debentures issued	975,000	1,600,000
Appropriation from revenue fund for debt retirement	1,849,108	2,742,279
Local improvement recoveries	172,707	232,848
City of Moncton Current Revenue Fund		5,000
Federal/Provincial funding re transfer from Resurgo Inc.	80,000	
Decrease in borrowings by the revenue fund	1,240,218	298,706
	$4,579,601	$5,603,218
Funds applied to		
Purchase and construction of capital assets		
Water system	$1,219,087	$2,071,212
Sanitary sewer system	536,406	789,727
	1,755,493	2,860,939
Redemption of long term debt	1,849,108	2,742,279
Refinancing of 1987 maturity	975,000	
	$4,579,601	$5,603,218

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies

(a) Revenue recognition

Major sources of revenue are recorded on an accrual basis.

(b) Expenditure recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Principal and interest repayments of long term debt are recorded as expenditures when repaid on specified dates.

Interest on long term debt is recorded on an accrual basis at year end.

Debenture discounts are written off on a straight line basis over the terms of the various issues.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value.

(d) Fixed assets

Capital assets and projects in progress are recorded at cost. The City does not record depreciation on its property and equipment consistent with Municipal guidelines. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets, in addition to the principal repayment of long term debt.

(e) Financing

(i) It is a policy of the City to provide interim financing for annual water and sanitary sewer capital construction. The associated interest costs are recorded as expenditures in the Water and Light revenue fund for these projects.

(ii) The City has taken advantage of a Community Services Contribution Program that provided for an annual simple interest grant relating to bonds issued for eligible sanitary sewer projects. This annual simple interest grant is received over the life of the issue and serves to reduce debt charges in the revenue fund annually. In 1988 two such simple interest grants were received totalling $505,912 which relate to two separate bond issues.

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies (continued)

(f) Prior year's operating results

As of January 1, 1987 the water accumulated surplus of $894,575 and the sanitary sewer accumulated deficit of $891,810 were combined into one account for future reporting purposes. The Utility is making charges to its users so as to produce an balanced budget over a three year period ended December 31, 1989. Commencing in 1990 the City has decided to set utility rates each year and to prepare budgets on an annual basis as opposed to preparing them on a triennial basis which has been the practice in prior periods.

2. Prepaid sewer user costs

The prepaid sewer user costs of $2,306,694 represents Moncton's share of costs incurred by the Greater Moncton Sewerage Commission for 1988. User fees are to be levied to recover these costs in 1989 consistent with the policy followed in prior years.

3. Deferred debt charges

The $975,000 represented a balloon payment which came due April 1, 1987 on a water related debenture issue. The payment was not charged off to operations but deferred until 1988 when it was refinanced by a debenture issue.

4. Property, plant and equipment, at cost

	1988			1987
	Fully Funded	To be Funded by Debentures	Total	Total
Fixed assets				
Water system	$35,227,296	$792,228	$36,019,524	$34,755,257
Sanitary sewer system	17,737,432	(358,339)	17,379,093	16,887,867
	$52,964,728	$433,889	$53,398,617	$51,643,124

CITY OF MONCTON

WATER AND LIGHT DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

5. Long term debt

	1988			1987
	Water	Sanitary Sewer	Total	Total
Debenture debt				
Serials and certificates	$ 7,933,679	$7,818,423	$15,752,102	$16,481,393
Sinking fund	1,500,000		1,500,000	1,500,000
	9,433,679	7,818,423	17,252,102	17,981,393
Other				
Municipal Development and Loan Board	2,008,884		2,008,884	2,074,313
Central Mortgage and Housing Corporation		207,520	207,520	238,229
Department of Regional and Industrial Expansion	423,839	219,379	643,218	691,897
	$11,866,402	$8,245,322	$20,111,724	$20,985,832

Principal payments required to service existing debt during the next five years are as follows:

1989	$1,973,531	1990	$2,035,332	1991	$1,985,109
1992	$1,977,428	1993	$2,000,464		

The borrowing authorization and liability to debenture holders is vested with the City of Moncton and the liability is assumed by the Water and Light Department.